

Board Summary**Redwood Materials, Inc.**

308 Sango Court Milpitas, CA 95035

Andrew Stevenson, Chief Financial Officer and JB Straubel, Chief Executive Officer
Recycling Technology and Materials Processing

Date: November 15, 2018

Main Location: Las Vegas

Business Type: New

County: Carson City

Development Authority Representative: Andrew Haskin - NNDA

APPLICATION HIGHLIGHTS

- Redwood Materials, Inc. currently has its operations Milpitas, CA, and is planning to open a new facility in Carson City, Nevada.
- In addition to processing material at the Carson City facility, future plans may also include relocation of headquarters and research and
- The target date for the physical move is November 15, 2018 with operations to commence shortly thereafter.

PROFILE

Redwood Materials, Inc. is a company that uses sustainable processes to recover technology materials from post-consumer and post-industrial electronics. Redwood Materials, Inc. was founded in 2017 by a team of engineers and scientists who saw the growing problem of electronic waste ending up in landfills, and the need for expanding the infrastructure for processing this waste, in a sustainable manner, into useful materials for the technology industry. With the long-term decrease in ownership cycles for consumer electronics, this problem is only expected to grow. The Redwood Materials, Inc. team set out to solve this problem by developing new chemical, metallurgical, and mechanical technologies for recovering materials from electronics, and deploying these technologies in high-tech processing facilities. In addition, Redwood Materials, Inc. is exploring applications in related industries that have a long history in Nevada, such as mining. The company's current operations consist of three major functions: 1) procurement of feedstock, including different types of post-consumer and post-industrial electronics, 2) primary processing of those technology materials, and 3) marketing those new materials to specialty refiners. For procurement, the company partners with electronics collectors and aggregators. These companies deal directly with post-consumer and post-industrial sources, and perform dis-assembly, categorization, and packaging based on Redwood's specifications. The company's team includes engineers and scientists with decades of experience in electronic waste processing technology, as well as corporate support staff. *Source: Redwood Materials, Inc.*

SIGNIFICANCE OF ABATEMENTS IN THE COMPANY'S DECISION TO RELOCATE/EXPAND

Redwood Materials, Inc. currently has its sole facility in California. The decision to expand operations into Carson City was due to several factors, including the business tax structure, availability of a qualified workforce, cost of living and logistic advantages offered by the region. In addition, Redwood Materials is aware of the benefits of the State Incentive Program, and this also was a critical factor in deciding to expand its processing operations to Carson City. *Source: Redwood Materials, Inc.*

REQUIREMENTS	Statutory	Application	Sufficient	% Over / Under
Job Creation	10	31		210%
Average Wage	\$22.54	\$27.42	Company meets	22%
Equipment Capex (SU & MBT)	\$250,000		abatement eligibility	1437%
Equipment Capex (PP)	\$1,000,000	\$3,841,720	requirements	284%

INCENTIVES	Requested Terms	Estimated \$ Amount
Sales Tax Abmt.	2% for 2 years	\$215,136
Modified Business Tax Abmt.	50% for 4 years	\$39,760
Personal Property Tax Abmt.	50% for 10 years	\$137,714
Total		\$392,610

NEVADA BUSINESS LICENSE

☒ Current ☐ Pending ☐ Will comply before receiving incentives

JOB CREATION	Contracted	24-Month Projection	5-Year Projection
	10	31	61

OTHER CAPITAL INVESTMENT	Land	Building Purchase	BTS / Building Improvements
	\$0	\$0	\$0

ECONOMIC IMPACT ESTIMATES (10-Year Cumulative)	Total	Construction
Total Jobs Supported	98	0
Total Payroll Supported	\$37,088,694	\$0
Total Output Estimate	\$121,900,587	\$0

Estimate includes jobs, payroll & output by the company assisted as well as the secondary impacts to other local businesses.

NEW TAX REVENUE ESTIMATES (10-Year Cumulative)	Direct	Indirect	Total
Local Taxes			
Property	\$251,108	\$564,403	\$815,511
Sales	\$0	\$289,003	\$289,003
Lodging	\$0	\$12,218	\$12,218
State Taxes			
Property	\$12,555	\$62,871	\$75,426
Sales	\$76,834	\$229,950	\$306,784
Modified Business	\$284,203	\$146,001	\$430,204
Lodging	\$0	\$431	\$431
Total	\$624,700	\$1,304,877	\$1,929,577

EMPLOYEE BENEFITS

- Percentage of health insurance covered by company: 75%.
- Health care package cost per employee - \$6,540 annually with options for dependents.
- Overtime, PTO/Sick/Vacation, Merit Increases, Bonus.

NOTES

- Percentage of market outside of Nevada: 100%.
- The company also considered various Californian locations.

October 15, 2018

Mr. Paul Anderson
Executive Director
Governor's Office of Economic Development
555 E. Washington Ave., Suite 5400
Las Vegas, NV 89101

Dear Mr. Anderson,

Northern Nevada Development Authority (NNDA) is pleased to provide this letter in support of Redwood Materials' application for the Sales & Use Tax Abatement, Modified Business Tax Abatement, and Personal Property Tax Abatement, as stated on the attached incentives application.

We have reviewed the application submitted by Redwood Materials and we are working with them in support of their efforts to locate a manufacturing facility in Carson City, Nevada. The company intends to invest over \$3.8 Million in capital equipment and add 31 new jobs with an average wage of \$27.42 per hour.

NNDA respectfully requests this application be considered by the Governor's Office of Economic Development and be placed on the November 15, 2018 agenda for review and action.

Best Regards,



Andrew Haskin
Director of Business Development
Northern Nevada Development Authority



10/15/2018

Paul Anderson
Executive Director
Nevada Governor's Office of Economic Development
808 West Nye Lane
Carson City, NV 89703

Dear Director Anderson:

Redwood Materials, Inc. is a company that uses sustainable processes to recover technology materials from post-consumer and post-industrial electronics. The Appendix to this letter provides a brief corporate profile that describes the company's background and operations.

Redwood plans to expand from its current location in California to Carson City, Nevada. We plan to hire and train employees from the local northern Nevada area, and begin producing new commodity materials at our Carson City facility. The target date for the physical move is November 15, 2018 with operations to commence shortly thereafter.

Redwood Materials currently has its sole facility in California. The decision to expand our operations into Carson City was due to several factors, including the business tax structure, availability of a qualified workforce, cost of living and logistic advantages offered by the region. In addition, Redwood Materials is aware of the benefits of the State Incentive Program, and this also was a critical factor in deciding to expand our processing operations to Carson City.

The expansion plan to Carson City involves the purchase and installation of several new pieces of processing equipment, which requires hiring additional engineers and technical staff. In order to staff and operate our operations, the plan is to hire a total of 31 employees over the first two years of operations. The average hourly rate of the employees is projected to be \$27.42.

We are excited about the market opportunities presented by this expansion and the advantages that locating this facility in Carson City will offer our company. In conjunction with Nevada's business-friendly environment, we see this as a first step in what will be increased growth for Redwood Materials.

Sincerely,

Andrew Stevenson

Andrew Stevenson
Chief Financial Officer

Redwood Materials, Inc.
308 Sango Court
Milpitas, CA, 95035



October 15, 2018

Mr. Paul Anderson
Executive Director
Nevada Governor's Office of Economic Development
555 E. Washington Avenue, Suite 5400
Las Vegas, NV 89101

RE: APPLICATION FOR INCENTIVES – REQUEST FOR
CONFIDENTIALITY OF RECORDS AND DOCUMENTS

Dear Director Anderson:

On October 15, 2018, Redwood Materials submitted an application to you as the Executive Director of the State of Nevada Governor's Office of Economic Development ("GOED") requesting approval of economic incentives for the new operation in Carson City, Nevada. The purpose of this letter is to request that any and all records and other documents in GOED's possession concerning initial contact with, research and planning for Redwood Materials, including but not limited to certain information in that application, and if amended, all be kept confidential pursuant to Section 4 of Assembly Bill No. 17 (2015 Regular Session) as codified in NRS 231.069.

Please be advised that Redwood Materials specifically deems the following information proprietary and confidential:

1. Incentive Application Employment Schedule
2. Incentive Application Equipment List

Thank you for your consideration. If you have any questions or require any further information, please do not hesitate to contact me.

Sincerely,

Andrew Stevenson

Andrew Stevenson
Chief Financial Officer
Redwood Materials

Redwood Materials, Inc.
308 Sango Court
Milpitas, CA, 95035

REQUEST FOR CONFIDENTIALITY DETERMINATION

Pursuant to NRS 231.069, and upon the request of applicant Redwood Materials, Inc., the Executive Director of the Office has determined the:

- (i) The detailed schedule of Capital Equipment List, 5(A)
- (ii) The detailed schedule of Employment List, 5(B)

are confidential proprietary information of the business, are not public records, and shall be redacted in its entirety from the copy of the application that is disclosed to the public.



Paul Anderson
Executive Director

10/19/2018
Date

ECONOMIC DEVELOPMENT**Incentive Application**Company Name: Redwood Materials, Inc.Date of Application: October 15, 2018

Company is an / a: (check one)

☒ New location in Nevada☐ Expansion of a Nevada company**Section 1 - Type of Incentives**

Please check all that the company is applying for on this application:

☒ Sales & Use Tax Abatement☐ Sales & Use Tax Deferral☒ Modified Business Tax Abatement☐ Recycling Real Property Tax Abatement☒ Personal Property Tax Abatement☐ Other: _____**Section 2 - Corporate Information**

COMPANY NAME (Legal name under which business will be transacted in Nevada) <u>Redwood Materials, Inc.</u>		FEDERAL TAX ID # <u>82-1226508</u>	
CORPORATE ADDRESS <u>308 Sango Court</u>	CITY / TOWN <u>Milpitas</u>	STATE / PROVINCE <u>California</u>	ZIP <u>95035</u>
MAILING ADDRESS TO RECEIVE DOCUMENTS (If different from above)	CITY / TOWN	STATE / PROVINCE	ZIP
TELEPHONE NUMBER <u>8479243890</u>	WEBSITE <u>www.redwoodmaterials.com</u>		
COMPANY CONTACT NAME <u>Andrew Stevenson</u>	COMPANY CONTACT TITLE <u>Chief Financial Officer</u>		
E-MAIL ADDRESS <u>andy@redwoodmaterials.com</u>	PREFERRED PHONE NUMBER <u>8479243890</u>		

Has your company ever applied and been approved for incentives available by the Governor's Office of Economic Development? ☐ Yes ☒ No

If Yes, list the program awarded, date of approval, and status of the accounts (attach separate sheet if necessary):

Section 3 - Program Requirements

Please check two of the boxes below; the company must meet at least two of the three program requirements:

- ☒ A capital investment of \$1,000,000 in eligible equipment in urban areas or \$250,000 in eligible equipment in rural areas are required. This criteria is businesses. In cases of expanding businesses, the capital investment must equal at least 20% of the value of the tangible property owned by the business.
- ☒ New businesses locating in urban areas require fifty (50) or more permanent, full-time employees on its payroll by the eighth calendar quarter following quarter in which the abatement becomes effective. In rural areas, the requirement is ten (10) or more. For an expansion, the business must increase employees on its payroll by 10% more than its existing employees prior to expansion, or by 25 (urban) or 6 (rural) employees, whichever is greater.
- ☒ In urban areas, the average hourly wage that will be paid by the business to its new employees is at least 100% of the average statewide hourly wage. In rural areas, the average hourly wage will equal or exceed the lesser of the county-wide average hourly wage or statewide average hourly wage.

Note: Criteria is different depending on whether the business is in a county whose population is 100,000 or more or a city whose population is 60,000 or more (i.e., "urban" area), or if the business is in a county whose population is less than 100,000 or a city whose population is less than 60,000 (i.e., "rural" area).

Section 4 - Nevada Facility

Type of Facility:

☐ Headquarters☒ Technology☐ Back Office Operations☐ Research & Development / Intellectual Property☐ Service Provider☐ Distribution / Fulfillment☒ Manufacturing☐ Other: _____

PERCENTAGE OF REVENUE GENERATED BY THE NEW JOBS CONTAINED IN THIS APPLICATION FROM OUTSIDE NEVADA <u>100%</u>	EXPECTED DATE OF NEW / EXPANDED OPERATIONS (MONTH / YEAR) <u>Nov-2018</u>		
NAICS CODE / SIC <u>562219</u>	INDUSTRY TYPE <u>Recycling technology</u>		
DESCRIPTION OF COMPANY'S NEVADA OPERATIONS <u>Producing new technology materials from post-consumer and post-industrial electronics</u>			
PROPOSED / ACTUAL NEVADA FACILITY ADDRESS <u>TBD</u>	CITY / TOWN <u>Carson City</u>	COUNTY <u>Carson City</u>	ZIP <u>89706</u>
WHAT OTHER STATES / REGIONS / CITIES ARE BEING CONSIDERED FOR YOUR COMPANY'S RELOCATION / EXPANSION / STARTUP? <u>Various locations in California</u>			

Section 5 - Complete Forms (see additional tabs at the bottom of this sheet for each form listed below)

Check the applicable box when form has been completed.

- 5 (A) ☒ Equipment List
 5 (B) ☒ Employment Schedule
 5 (C) ☒ Evaluation of Health Plan, with supporting documents to show the employer paid portion of plan meets the minimum of 65%.

Section 6 - Real Estate & Construction (Fill in either New Operations/Startup or Expansion, not both.)

New Operations / Start Up - Plans Over the Next <u>Ten</u> Years	Expansions - Plans Over the Next <u>10</u> Years
Part 1. Are you currently/planning on leasing space in Nevada? <u>Yes</u> If No, skip to Part 2. If Yes, continue below: What year(s)? <u>2018</u> How much space (sq. ft.)? <u>27,000</u> Annual lease cost of space: <u>\$144,000.00</u> Do you plan on making building tenant improvements? <u>Yes</u> If No, skip to Part 2. If Yes *, continue below: When to make improvements (month, year)? <u>Nov-2018</u>	Part 1. Are you currently leasing space in Nevada? _____ If No, skip to Part 2. If Yes, continue below: What year(s)? _____ How much space (sq. ft.)? _____ Annual lease cost at current space: _____ Due to expansion, will you lease additional space? _____ If No, skip to Part 3. If Yes, continue below: Expanding at the current facility or a new facility? _____ What year(s)? _____ How much expanded space (sq. ft.)? _____ Annual lease cost of expanded space: _____ Do you plan on making building tenant improvements? _____ If No, skip to Part 3. If Yes *, continue below: When to make improvements (month, year)? _____
Part 2. Are you currently/planning on buying an owner occupied facility in Nevada? <u>No</u> If No, skip to Part 3. If Yes *, continue below: Purchase date, if buying (month, year): _____ How much space (sq. ft.)? _____ Do you plan on making building improvements? _____ If No, skip to Part 3. If Yes *, continue below: When to make improvements (month, year)? _____	Part 2. Are you currently operating at an owner occupied building in Nevada? _____ If No, skip to Part 3. If Yes, continue below: How much space (sq. ft.)? _____ Current assessed value of real property? _____ Due to expansion, will you be making building improvements? _____ If No, skip to Part 3. If Yes *, continue below: When to make improvements (month, year)? _____
Part 3. Are you currently/planning on building a build-to-suit facility in Nevada? <u>No</u> If Yes *, continue below: When to break ground, if building (month, year)? _____ Estimated completion date, if building (month, year): _____ How much space (sq. ft.)? _____	Part 3. Do you plan on building or buying a new facility in Nevada? _____ If Yes *, continue below: Purchase date, if buying (month, year): _____ When to break ground, if building (month, year)? _____ Estimated completion date, if building (month, year): _____ How much space (sq. ft.)? _____

* Please complete Section 7 - Capital Investment for New Operations / Startup.

* Please complete Section 7 - Capital Investment for Expansions below.

BRIEF DESCRIPTION OF CONSTRUCTION PROJECT AND ITS PROJECTED IMPACT ON THE LOCAL ECONOMY (Attach a separate sheet if necessary):

Section 7 - Capital Investment (Fill in either New Operations/Startup or Expansion, not both.)

New Operations / Start Up	Expansions
How much capital investment is planned? (Breakout below):	How much capital investment is planned? (Breakout below):
Building Purchase (if buying): <u>\$0</u>	Building Purchase (if buying): _____
Building Costs (if building / making improvements): <u>\$0</u>	Building Costs (if building / making improvements): _____
Land: <u>\$0</u>	Land: _____
Equipment Cost: <u>\$3,841,720</u>	Equipment Cost: _____
Total: <u>\$3,841,720</u>	Total: _____
	Is the equipment purchase for replacement of existing equipment? _____
	Current assessed value of personal property in NV: _____
	(Must attach the most recent assessment from the County Assessor's Office.)

Section 8 - Employment (Fill in either New Operations/Startup or Expansion, not both.)

New Operations / Start Up	Expansions
How many full-time equivalent (FTE*) employees will be created by the end of the first eighth quarter of new operations?: <u>31</u>	How many full-time equivalent (FTE*) employees will be created by the end of the first eighth quarter of expanded operations?: _____
Average hourly wage of these <u>new</u> employees: <u>\$27.42</u>	Average hourly wage of these <u>new</u> employees: _____
	How many FTE employees prior to expansion?: _____
	Average hourly wage of these <u>existing</u> employees: _____
	Total number of employees after expansion: _____

* FTE represents a permanent employee who works an average of 30 hours per week or more, is eligible for health care coverage, and whose position is a "primary job" as set forth in NAC 360.474.

OTHER COMPENSATION (Check all that apply):

- | | | | |
|---|---|--|---|
| <input checked="" type="checkbox"/> Overtime | <input checked="" type="checkbox"/> Merit increases | <input type="checkbox"/> Tuition assistance | <input checked="" type="checkbox"/> Bonus |
| <input checked="" type="checkbox"/> PTO / Sick / Vacation | <input type="checkbox"/> COLA adjustments | <input type="checkbox"/> Retirement Plan / Profit Sharing / 401(k) | <input type="checkbox"/> Other: _____ |

BRIEF DESCRIPTION OF ADDITIONAL COMPENSATION PROGRAMS AND ELIGIBILITY REQUIREMENTS (Attach a separate sheet if necessary):

Section 9 - Employee Health Insurance Benefit Program

Is health insurance for employees and an option for dependents offered?: ☒ Yes (**copy of benefit plan must be attached**) ☐ No

Package includes (check all that apply):

- ☒ Medical ☒ Vision ☒ Dental ☐ Other: _____

Qualified after (check one):

- ☒ Upon employment ☐ Three months after hire date ☐ Six months after hire date ☐ Other: _____

Health Insurance Costs:	Percentage of health insurance coverage by (min 65%):
Cost of health insurance for company (annual amount per employee): <u>\$ 6,540.00</u>	Company: <u>75%</u>
Health Plan annual out-of-pocket maximum (individual): <u>\$ 7,000.00</u>	Employee: <u>25%</u>

[SIGNATURE PAGE FOLLOWS]

Section 10 - Certification

I, the undersigned, hereby grant to the Governor's Office of Economic Development access to all pertinent and relevant records and documents of the aforementioned company. I understand this requirement is necessary to qualify and to monitor for compliance of all statutory and regulatory provisions pertaining to this application.

Being owner, member, partner, officer or employee with signatory authorization for the company, I do hereby declare that the facts herein stated are true and that all licensing and permitting requirements will be met prior to the commencement of operations. In addition, I and /or the company's legal counsel have reviewed the terms of the GOED Tax Abatement and Incentives Agreement, the company recognizes this agreement is generally not subject to change, and any material revisions have been discussed with GOED in advance of board approval.

Andrew Stevenson

Name of person authorized for signature

Chief Financial Officer

Title

Andrew Stevenson

Signature

10/15/2018

Date

Nevada Governor's Office of Economic Development

555 E. Washington Ave., Ste 5400 • Las Vegas, Nevada 89101 • 702.486.2700 • (Fax) 702.486.2701 • www.diversifynevada.com

Site Selection Factors

Company Name: Redwood Materials, Inc.

County: Carson City

Section I - Site Selection Ratings

Directions: Please rate the select factors by importance to the company's business (1 = very low; 5 = very high). Attach this form to the Incentives Application.

Availability of qualified workforce: 5
Labor costs: 4
Real estate availability: 3
Real estate costs: 5
Utility infrastructure: 4
Utility costs: 4

Transportation infrastructure: 3
Transportation costs: 3
State and local tax structure: 3
State and local incentives: 4
Business permitting & regulatory structure: 4
Access to higher education resources: 4

Please summarize the importance of the abatement program to your decision (please include at least a paragraph summary):

The abatement program was one important factor among several that determined our decision to locate operations in Nevada. Additional factors include the availability of a qualified local workforce, labor costs, and a favorable business permitting and regulatory structure. Abatements provided a benefit above these already strong factors that pointed in the direction of Nevada.

Equipment Schedule, Detailed

The Office has determined the detailed equipment schedule as described in this application constitutes confidential proprietary information of Redwood Materials, Inc., and is not a public record.

Employment Schedule, Detailed

The Office has determined the detailed employment schedule as described in this application constitutes confidential proprietary information of Redwood Materials, Inc., and is not a public record.

5(C) Evaluation of Health Plans Offered by Companies

Company Name: Redwood Materials, Inc.

County: Carson City

Total Number of Full-Time Employees:

31

Average Hourly Wage per Employee

\$27.42

Average Annual Wage per Employee (implied)

\$57,032.26

Annual Cost of Health Insurance per Employee

\$6,540.00

Percentage of Cost Covered by:

Company

75%

Employee

25%

Health Plan Annual Out-of-Pocket Maximum

\$7,000

Generalized Criteria for Essential Health Benefits (EHB)

[following requirements outlined in the Affordable Care Act and US Code, including 42 USC Section 18022]

Covered employee's premium not to exceed 9.5% of annual wage

3.8%

MMQ

Annual Out-of-Pocket Maximum not to exceed \$7,150 (2017)

\$7,000

NQ

Minimum essential health benefits covered (Company offers PPO):

(A) Ambulatory patient services



(B) Emergency services



(C) Hospitalization



(D) Maternity and newborn care



(E) Mental health/substance use disorder/behavioral health treatment



(F) Prescription drugs



(G) Rehabilitative and habilitative services and devices



(H) Laboratory services



(I) Preventive and wellness services and chronic disease management



(J) Pediatric services, including oral and vision care



No Annual Limits on Essential Health Benefits



I, the undersigned, hereby declare to the Governor's Office of Economic Development that the facts herein stated are true, and that I have attached sufficient plan information highlighting where our plan reflects meeting the 65% minimum threshold for the employee paid portion of the plan for GOED to independently confirm the same.

Andrew Stevenson

Name of person authorized for signature

Andrew Stevenson

Signature

Chief Financial Officer

Title

10/15/2018

Date

SECRETARY OF STATE



NEVADA STATE BUSINESS LICENSE

REDWOOD MATERIALS, INC.

Nevada Business Identification # NV20181554977

Expiration Date: August 31, 2019

In accordance with Title 7 of Nevada Revised Statutes, pursuant to proper application duly filed and payment of appropriate prescribed fees, the above named is hereby granted a Nevada State Business License for business activities conducted within the State of Nevada.

Valid until the expiration date listed unless suspended, revoked or cancelled in accordance with the provisions in Nevada Revised Statutes. License is not transferable and is not in lieu of any local business license, permit or registration.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on August 3, 2018

Barbara K. Cegavske

Barbara K. Cegavske
Secretary of State

You may verify this license at www.nvsos.gov under the Nevada Business Search.

**License must be cancelled on or before its expiration date if business activity ceases.
Failure to do so will result in late fees or penalties which by law cannot be waived.**